

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

KTM AG,

Plaintiff,

-vs-

THE INDIVIDUALS,
CORPORATIONS, LIMITED
LIABILITY COMPANIES,
PARTNERSHIPS, AND
UNINCORPORATED ASSOCIATIONS
IDENTIFIED ON SCHEDULE A
HERETO, et al.,

Defendants.

Case No. 21 C 1280

Chicago, Illinois
May 26, 2021
9:15 a.m.

TRANSCRIPT OF TELEPHONIC PROCEEDINGS
BEFORE THE HONORABLE GARY FEINERMAN

APPEARANCES:

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BY: MR. WILLIAM B. KALBAC
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For various
Defendants: THE RUSSELL FIRM, LLC
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1 (Proceedings heard in open court:)

2 THE CLERK: 21 C 1280, KTM versus the Individuals.

3 THE COURT: Good morning. Who do we have for the
4 plaintiff?

5 MR. KALBAC: Good morning, your Honor. This is Bill
6 Kalbac, K-A-L-B-A-C, for the plaintiff, KTM.

7 THE COURT: And then we have -- do we have attorney
8 Russell on the line?

9 MS. RUSSELL: Yes. Good morning, your Honor. I
10 represent 14 of the defendants in this matter. I can recite
11 the store names if you like.

12 THE COURT: That's all right. We have it on the
13 docket.

14 MS. RUSSELL: Okay.

15 THE COURT: And then do we have attorney Urbanczyk on
16 the line?

17 MR. URBANCZYK: Yes. Good morning, your Honor. Adam
18 Urbanczyk for defendant Race_ing.

19 THE COURT: And do we have anybody, either a party or
20 attorney, on behalf of any of our defendants on the line? All
21 right. We have no one else.

22 So, we have -- well, first and foremost, just in
23 terms of cleaning up the docket, I'll deny as moot docket 43,
24 which is a motion to dismiss from Miss Russell's clients,
25 because there's an amended motion that's docket 44.

1 MS. RUSSELL: Correct.

2 THE COURT: And the motion -- and then we have a
3 motion that was filed this morning by attorney Russell to
4 vacate the preliminary injunction on behalf of her clients;
5 and I haven't had a chance to look at it since it was filed
6 this morning, but we have a motion from Mr. Urbanczyk to
7 dissolve the preliminary injunction.

8 So, the motion to dismiss and the motion for
9 preliminary injunction, I imagine both of them, all have a
10 common theme, which is: There's been no infringement because
11 the Amazon stores in question aren't saying that these
12 products that -- are originated from KTM. All they're saying
13 is that these products can be used on a KTM conveyance, like a
14 Yamaha conveyance or a Harley-Davidson conveyance.

15 So, I'm wondering what the plaintiff has to say about
16 this.

17 MR. KALBAC: So, your Honor, I've had the chance to
18 look at the evidence of infringement for quite a few of
19 the stores, and they're not -- the majority of them are
20 actually saying that these are products for KTM. For
21 example --

22 THE COURT: Could you point one out to me?

23 MR. KALBAC: Yes. If you were to look at defendant
24 No. 61. The name of the store is Orange --

25 THE COURT: If you could refer to a docket entry and

1 a page.

2 MR. KALBAC: Oh. It would -- the page -- it would be
3 part of our exhibits. Let me find that. It's on page 460.

4 THE COURT: Okay. Which one, 10 or 11?

5 MR. KALBAC: It would be -- sorry. Let me find that
6 real quick. I'm sorry.

7 I believe it's on 11.

8 THE COURT: So, it's 11, and --

9 MR. KALBAC: Yes. We --

10 THE COURT: And page 460, 4-6-0?

11 MR. KALBAC: Yes, 4-6-0.

12 THE COURT: Okay.

13 MR. KALBAC: And the name of the store is OrangeABC.

14 THE COURT: And is this one of the moving defendants?

15 MR. KALBAC: Yes. It's one of Miss Russell's
16 defendants.

17 THE COURT: Okay. 4-6-0. All right.

18 Yeah, on my 4-6-0, it just says it's compatible with
19 KTM motorcycles. It doesn't say that it's affiliated with
20 KTM motorcycles.

21 MR. KALBAC: Your Honor, I'm sorry. I think it's on
22 that first exhibit, on Exhibit 10. I apologize for that.

23 THE COURT: Well, since you directed me to docket
24 entry 11 and page 460, are you saying that this is an
25 infringement, if it says, "compatible with KTM motorcycles"?

1 MR. KALBAC: In that case, if it says, "compatible
2 with," I would say that that would not be an infringement.
3 However, quite a few of these do say --

4 THE COURT: So, why are you alleging infringement
5 based on this "compatible with KTM motorcycles"?

6 MR. KALBAC: Well, they're using the KTM name, and
7 they don't have permission to use our trademarked name in the
8 marketing and sales of their products.

9 THE COURT: So, is it an infringement or not?

10 MR. KALBAC: In that particular case, I would say no.
11 However, there are quite a few other --

12 THE COURT: Then why -- this is the question. Why do
13 I have page 460 of docket 11 in the evidence of infringement
14 if you're saying that it's not infringement?

15 MR. KALBAC: I would have to check on that. I
16 apologize, your Honor. I do think that there could be a -- an
17 argument made for non-infringement if it does say, "compatible
18 with," but quite a few of these actually say they are -- for
19 example, page 460 -- I think it's on the first exhibit, which
20 is 10, it says, "New HP carburetor for KTM motorcycle." In
21 that case, it would be alleging that this is a product -- an
22 original manufactured product for KTM; and that would be a
23 case for clear infringement.

24 THE COURT: No, it doesn't say KTM as -- it doesn't
25 say the product is being manufactured by KTM. It's saying

1 it's a carburetor for a KTM motorcycle. Just like you said
2 the one on 460 is not infringement.

3 MR. KALBAC: Well, I think, your Honor, a person
4 doing a search for KTM products could easily read this to be
5 it is a product for KTM. If it says it's a new carburetor --

6 THE COURT: Yes, the person would read it as it's a
7 product for KTM. You're exactly right. The argument you're
8 not making is a person could reasonably read this thinking
9 that the product came from KTM.

10 MR. KALBAC: I would -- when I read this, I believe
11 it would be from KTM because I would be looking for products
12 from KTM. It says it's a new product. It doesn't say this is
13 a remanufactured. This doesn't say, you know, anything about
14 the description that this product was not made by KTM.

15 THE COURT: How -- let's go to the first page of
16 docket entry 10.

17 MR. KALBAC: Okay. And this is for No. 1, MIDUDU?

18 THE COURT: I don't know. I'm just on page 1 of
19 docket entry 10. And it says, "Oil filler cap plug for KTM
20 540, 550, 620, 640," and then it says, "Adventure, Duke,
21 Enduro, SM, 690."

22 Are Adventure, Duke, and Enduro different motorcycle
23 manufacturers?

24 MR. KALBAC: Duke is part of KTM, and on our
25 trademark registrations, we have trademark registrations for

1 both KTM and Duke. I don't know any -- I don't have any
2 information regarding Enduro.

3 THE COURT: Okay. So, what does this say to you?

4 MR. KALBAC: It says, "Oil filler cap plug for KTM,"
5 and then it lists a number of models of KTM motorcycles.

6 THE COURT: Right. Doesn't the brand say, "Monster
7 Jesus"? Well, actually, the brand says, "Thanhcong," right?
8 It's on page 1.

9 MR. KALBAC: Yes.

10 THE COURT: So, doesn't this convey to the reasonable
11 person that it's a Thanhcong brand oil filler cap plug that
12 can be used in any of these branded motorcycles?

13 MR. KALBAC: I would still say, your Honor, that it
14 would lead a reasonable person to believe that this was made
15 by KTM based on the bold description at the very top.

16 And if someone were to search for a KTM oil filler
17 cap plug, this would probably be towards the top of the search
18 results. They would not be searching for the brand Thanhcong.
19 They would be searching for KTM and using our client's
20 trademark name in that search.

21 THE COURT: Right. But what's the difference between
22 that and between something that says, "compatible with KTM
23 motorcycles," that you said was not infringement?

24 MR. KALBAC: Well, "compatible with" would lead the
25 reasonable person to believe that this was manufactured by

1 someone else other than KTM, as opposed to being manufactured
2 by KTM.

3 THE COURT: But it doesn't say, "by." It says --
4 the other ones don't say, "by." The other ones say, "for."

5 MR. KALBAC: I would still say, your Honor, that I
6 believe this would lead a reasonable person --

7 THE COURT: And it actually says the brand name,
8 which is Thanhcong, or whatever the --

9 MR. KALBAC: Well, when people are doing a search,
10 they're going to search for KTM, and this is going to show up.
11 The brand -- you know, it doesn't -- it's kind of in smaller
12 print below --

13 THE COURT: That's not infringement. That's not
14 infringement because the same thing could be said of docket 11
15 at page 460. If you search for KTM, you're going to come up
16 with this -- you're going to get this result. So, that can't
17 be enough.

18 MR. KALBAC: Our client is trying to protect, you
19 know, the brand -- the licensees who they have who are paying
20 money to license out the KTM trademark.

21 THE COURT: So, let's say there's a part that says,
22 "For KTM models whatever, for Ducate models whatever, for
23 Harley models whatever, for Yamaha models whatever." Do each
24 of those four motorcycle manufacturers have trademark claims
25 against the manufacturer of that component?

1 MR. KALBAC: I would say yes.

2 THE COURT: And so what you're saying is that,
3 then -- that a reasonable person would look at that ad and
4 think that the component was made by all four of those
5 independent motorcycle manufacturers?

6 MR. KALBAC: Yes. When you do a search for, say,
7 Yamaha or KTM, you would be looking for parts. And I would
8 say a reasonable person would think that those parts were
9 made by those manufacturers.

10 THE COURT: The same part was made by all four
11 manufacturers?

12 MR. KALBAC: Yes.

13 THE COURT: How could that be?

14 MR. KALBAC: I -- I would say that the brand --
15 whoever is selling this is acting as though they are the
16 manufacturer for Yamaha or KTM or the other manufacturers.
17 I think --

18 THE COURT: Okay. I've lost confidence in this
19 case. I've looked at the evidence that you've pointed me
20 to -- well, you've acknowledged that some of the evidence,
21 even in your view, is not -- does not indicate infringement.
22 And the evidence that you're pointing me to that you think
23 does indicate infringement to me does not indicate
24 infringement. If you're saying that there's something -- that
25 there's a part for a branded product, and especially if there

1 are more than one brand, branded products mentioned, and
2 they -- I'm talking about the motorcycle -- and that the
3 component part actually indicates what the brand is, here,
4 it's Thanhcong, I don't think a reasonable person would look
5 at this and think that the purveyor was selling KTM-originated
6 parts.

7 So, I'm going to grant the motion to vacate the
8 preliminary injunction, not just as to the defendants who
9 moved, but to all defendants.

10 You know, you guys are repeat players, you and your
11 colleagues in this part of the bar. And you operate a volume
12 business. And there's nothing wrong with that, but there's
13 an element of trust that the Court has with parties and with
14 law firms that file the same case over and over again. And
15 again, I'm not being pejorative. That's perfectly fine.

16 But having taken a closer look at this -- and I have
17 to confess, when I granted the preliminary injunction -- the
18 TRO and preliminary injunction motion, I did not look at all
19 1150 pages of evidence that you submitted. Maybe I'm going to
20 have to start doing that because having had these defendants
21 appear and pointing out what they pointed out to me, the
22 evidence does not bear out what the plaintiff alleged in the
23 complaint and what the plaintiff argued in the preliminary --
24 in the TRO motion and in the preliminary injunction motion.

25 And so I -- having looked at what the defendants

1 pointed me to, I think the likelihood of success on the
2 merits for the plaintiff has gone down a lot; and that
3 changes the calculus, the preliminary injunction calculus.
4 So, I'm going to vacate the preliminary injunction, not just
5 as to these defendants but to all defendants, just because I
6 don't have the requisite level of confidence in this
7 particular case anymore.

8 So, I'm going to grant docket 47 and docket 52, which
9 are the motions to vacate the preliminary injunction, dissolve
10 the preliminary injunction. And 43, of course, is denied as
11 moot.

12 Let's set a briefing schedule on 44. KTM, how long
13 would you like to respond?

14 MR. KALBAC: Could we have two weeks, your Honor?

15 THE COURT: Sure.

16 MS. RUSSELL: Your Honor, we can adjust -- this is
17 Erin Russell, for the record, your Honor. I just want to
18 point out, I think there might already be a briefing schedule
19 for that motion. I'm happy if you want to adjust it.

20 THE COURT: Actually, there is. There is a briefing
21 schedule, and we have our motion hearing set for June 30th.
22 Thank you for putting that out. That's my order on docket 45.
23 So, we have our briefing schedule set on that. So, we'll see
24 you on June 30th.

25 If the plaintiff -- you know, a preliminary

1 injunction is interlocutory. An order dissolving a
2 preliminary injunction is interlocutory. So, there's nothing
3 that is stopping the plaintiff from coming in and seeking a
4 new preliminary injunction motion based on a better factual
5 record, a record showing that there actually is a sufficient
6 likelihood of success that there is infringement, meaning
7 that the defendants are conveying that they are selling
8 KTM-originated parts and not just parts that are compatible
9 with a KTM motorcycle; or if the plaintiff would like to make
10 a legal argument, which is even if it says "compatible with"
11 or "for," that's still covered by the federal laws or the
12 state laws that the plaintiff is invoking. That argument was
13 not made in the preliminary injunction motion that I had
14 granted, perhaps erroneously.

15 So, the field is wide open for the plaintiff. You
16 can come back in and seek relief. I think you know what I'm
17 looking for in terms of the facts and what I'm looking for in
18 terms of the law. In case you think that my understanding of
19 the law that I just expressed over the past few moments is
20 incorrect, I'm more than happy to hear you out.

21 Anything further from attorney Russell?

22 MS. RUSSELL: No, your Honor.

23 THE COURT: Anything further from attorney Urbanczyk?

24 MR. URBANCZYK: Nothing further.

25 THE COURT: Anything further from the plaintiff?

1 MR. KALBAC: No, your Honor. I appreciate your time
2 this morning.

3 THE COURT: Thank you.

4 MS. RUSSELL: Thank you, your Honor.

5 (Which were all the proceedings heard.)

6 CERTIFICATE

7 I certify that the foregoing is a correct transcript from
8 the record of proceedings in the above-entitled matter.

9

10 */s/Charles R. Zandi*

June 2, 2021

11 Charles R. Zandi
12 Official Court Reporter

Date

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